

Executive Committee and Council only
Date signed off by the Monitoring Officer:
Date signed off by the Section 151 Officer:

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Date signed off by the Monitoring Officer: 24.02.20
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Committee: Special Council

Date of Meeting:

2nd March 2020

Report Subject:

Revenue Budget 2020/2021

Portfolio Holder:

**Leader & Executive Member
Corporate Services, Councillor N.
Daniels**

Report Submitted by:

R Hayden – Chief Officer Resources

Report Written by:

**D McAuliffe – Senior Business
Partner**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	25.02.20						2.03.20	

1. Purpose of the Report

This report seeks to set the revenue budget for 2020/2021, set the Council tax level for 2020/2021 (including the precepts approved by other statutory authorities that impact upon the local level of council tax) and sets out the relevant statutory resolutions.

2. Scope and Background

2.1 This report presents the Revenue Budget and Council Tax proposals for Blaenau Gwent County Borough Council for the next financial year 2020/2021, including the precepts approved by other statutory authorities that impact upon the local level of Council Tax and sets out the relevant statutory resolutions. It covers the following:

Section	Contents
2.2 – 2.7	Revenue Settlement
3.2 – 3.3	Statutory Resolutions
5.1.6	Budget Requirement 2020/2021
5.1.8–5.1.12	Reserves
5.1.13	Section 25 Local Government Act 2003

2.2 The Settlement contains details of the revenue funding that Welsh Authorities can expect to receive in 2020/21 in order to allow them to set their budgets and

determine levels of Council Tax for that year. It also provides details of the Capital funding that Authorities can expect to receive to fund their Capital Programmes. Indicative figures for the 2021/22 financial year and beyond have not been provided at this stage.

- 2.3 Revenue funding from Welsh Government (WG) is provided in the form of Aggregate External Finance (AEF) which is made up of the Revenue Support Grant (RSG) and National Non Domestic Rates (NNDR). This AEF funding is un-hypothecated i.e. it is not earmarked for specific services and it is up to individual Councils to decide how to allocate to services in order to fit with their priorities (while taking into account statutory responsibilities).
- 2.4 Revenue funding also comes in the form of specific grants, in which case the funding is earmarked for a particular purpose. It is the long term intention of the WG that the number of specific grants is reduced, with funding being transferred into the AEF, giving Local Authorities more flexibility on distributing funding to services. Hence, this form of funding should diminish over time.
- 2.5 Capital funding is provided in the form of General Capital funding, made up of an Un-hypothecated Supported Borrowing (USB) approval and General Capital Grant approval. The USB approval is a borrowing approval for which revenue support is provided within the AEF to cover debt financing costs i.e. principal and interest. It is un-hypothecated, meaning that borrowing can be carried out for any capital purpose. The General Capital Grant, is as its name suggests, a grant that can be used for any capital purpose.
- 2.6 The funding information contained within the settlement has enabled this report to be produced, bringing together sections covering the revenue budget setting process.
- 2.7 The positive provisional settlement combined with the opportunities identified in the Bridging the Gap programme means that the Council is able to invest in key priorities, avoid cuts to services and enhance its financial resilience.

3. Options for Recommendation

3.1 That it be noted that the Council agreed at its meeting on 6 February 2020 a Council Tax increase of 3.9% for the 2020/2021 financial year. As a result the Blaenau Gwent Council element of the full council tax charge will be:-

Valuation Bands (£)								
A	B	C	D	E	F	G	H	I
1,141.24	1,331.45	1,521.65	1,711.86	2,092.27	2,472.68	2,853.09	3,423.71	3,994.33

3.2 That it be noted that at its meeting on 2nd March 2020 the Council calculated the following amounts for the year (2020/2021) in accordance with regulations made under Section 33(5) of the Local Government Act 1992:

3.3 The Council Tax base is the number of chargeable dwellings in each area adjusted for a number of items e.g. discounts payable, multiplied by the assumed collection rate which for 2020/2021 is 95%.

a. The amount calculated by the Council, in accordance with Regulation 3, of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year is:

20,662.45

b. The amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amount of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate are:

4,638.15	Abertillery & Llanhilleth
1,689.96	Brynmawr
2,695.12	Nantyglo & Blaina
4,704.71	Tredegar

c. That it be noted that for the year 2020/2021 the Gwent Office of Police and Crime Commissioner has stated the following amounts in precepts issued to the Council (totalling £5,640,022), in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown:

Gwent Office of Police and Crime Commissioner								
Valuation Bands (£)								
A	B	C	D	E	F	G	H	I
181.97	212.30	242.63	272.96	333.62	394.28	454.93	545.92	636.91

3.4 That the following amounts be now calculated by the Council for the year 2020/2021 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

a. 217,235,415 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (d) of the Act.

b. 65,503,050 Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) and (c) of the Act.

c. 151,732,365 Being the amount by which the aggregate at (a) above exceeds the aggregate at (b), calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.

- d. 208,000 Being the amount the Authority estimates in relation to Sections 47 and 49 of the Local Government Finance Act 1988 as amended by Schedule 1 of the Local Government and Rating Act 1997, for discretionary non-domestic rate relief.
- e. 116,063,000 Being the aggregate of the sums which the Council estimates will be payable for the year into its Council fund in respect of redistributed non-domestic rates, revenue support grant and additional grant.
- f. 1,736.36 Being the amount at (c) above plus the amount at (d) above and less the amount at (e) above, all divided by the amount at 3.2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- g. 506,143 Being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- h. 1,711.86 Being the amount at (f) above less the result given by dividing the amount at (g) above by the amount at 3.2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- i. The amounts given by adding to the amount at (h) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 3.2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate are:

1,763.61	Abertillery & Llanhilleth
1,737.30	Brynmawr
1,743.29	Nantyglo & Blaina
1,741.28	Tredeggar

- j. The amounts given by multiplying the amounts at (h) and (i) above by the number which, in the proportion set out in section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands are:

k.

The County Borough Tax including Community Precepts									
Valuation Bands									
	A	B	C	D	E	F	G	H	I
Abertillery & Llanhilleth	1,175.74	1,371.70	1,567.65	1,763.61	2,155.52	2,547.44	2,939.35	3,527.22	4,115.09
Brynmawr	1,158.20	1,351.24	1,544.26	1,737.30	2,123.36	2,509.44	2,895.50	3,474.60	4,053.70
Nantyglo & Blaina	1,162.19	1,355.90	1,549.59	1,743.29	2,130.68	2,518.09	2,905.48	3,486.58	4,067.68
Tredegar	1,160.85	1,354.33	1,547.80	1,741.28	2,128.23	2,515.19	2,902.13	3,482.56	4,062.99
Ebbw Vale	1,141.24	1,331.45	1,521.65	1,711.86	2,092.27	2,472.69	2,853.10	3,423.72	3,994.34

That, having calculated the aggregate in each case of the amounts at (c) and (j) above, the Council, in accordance with section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown below:

The Full Tax of the County Borough Tax including Police and Community Precepts									
Valuation Bands									
	A	B	C	D	E	F	G	H	I
Abertillery & Llanhilleth	1,357.71	1,584.00	1,810.28	2,036.57	2,489.14	2,941.72	3,394.28	4,073.14	4,752.00
Brynmawr	1,340.17	1,563.54	1,786.89	2,010.26	2,456.98	2,903.72	3,350.43	4,020.52	4,690.61
Nantyglo & Blaina	1,344.16	1,568.20	1,792.22	2,016.25	2,464.30	2,912.37	3,360.41	4,032.50	4,704.59
Tredegar	1,342.82	1,566.63	1,790.43	2,014.24	2,461.85	2,909.47	3,357.06	4,028.48	4,699.90
Ebbw Vale	1,323.21	1,543.75	1,764.28	1,984.82	2,425.89	2,866.97	3,308.03	3,969.64	4,631.25

4. Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan

4.1 The budget setting process will enable a greater alignment between the Medium Term Financial Strategy (MTFS) and the Corporate Plan. This will be evidenced in the budget reports to Joint Scrutiny, Executive and Council.

5. Implications Against Each Option

5.1 The financial implications for the 2020/2021 budget setting process are outlined within this report and can be summarised below.

- A council tax increase of 3.9% (Blaenau Gwent element);
- A budget requirement for the Council of £151.226 million (excluding Community Councils) and £151.732 million (including Community Councils);
- Bridging the Gap efficiencies built into the revenue budget of £1.465 million;
- Cost pressures built into the revenue budget of £1.16 million;
- Growth items built into the revenue budget of £0.89 million.

5.1.1. A Council Tax increase of 3.9% for 2020/2021 represents a reduction of 1% compared to the increase for the current financial year (2019/2020). This will increase Band D Council Tax from £1,647.60 to £1,711.86, which in cash terms would amount to £1.24 a week. At Band A and B levels, the equivalent increases are £0.82 and £0.96 a week respectively.

5.1.2. The following Table compares the average increase in Council Tax at the Band D level.

Authority	2019/20	2020/21	Increase	
	£	£	£	%
Blaenau Gwent CBC	1,647.60	1,711.86	64.26	3.90
Gwent Police	255.53	272.96	17.43	6.82
Total	1,903.23	1,984.82	81.69	4.29
<i>Community Councils:</i>				
Abertillery & Llanhilleth	51.73	51.75	0.02	0.04
Brynmawr	26.30	25.44	-0.86	-3.27
Nantyglo & Blaina	30.91	31.43	0.52	1.68
Tredegar	30.07	29.42	-0.65	-20.16
Average	24.61	24.50	-0.11	-0.45
Total (Average)	1,927.74	2,009.32	81.58	4.23

5.1.3. Table 2 attached at Appendix 2 gives an analysis of the elements of the Council Tax for each band, including the police and community council precepts. It should be noted that the overall average increase in Council Tax is 4.23%.

5.1.4. Table 3 attached at Appendix 3 gives an analysis of the council tax “chargeable property” valuations by Community area. These are used to calculate the authority’s council tax base.

5.1.5 Budget Requirement

5.1.6. Table 1 attached at Appendix 1, gives a summary of the resulting portfolio estimates taking into account the Bridging the Gap proposals, cost pressures and growth items above. In addition, £1.7m will be transferred into the Council’s reserves. This results in a statutory budget requirement of £151,732,365. Discretionary rate relief of £208,000 needs to be added to the budget requirement to give the total net revenue budget for 2020/2021 of £151,940,365.

5.1.7 The budget is funded as follows:

Source	£
Revenue Support Grant	91,929,000
Non-Domestic Rate Distribution	24,134,000
Council Tax	35,371,222
Community Council Income	506,143
Total	151,940,365

5.1.8 Reserves

5.1.9 In 2015 the Council implemented a revised protocol for the establishment, use, control and review of reserves. Quarterly reports to Members are now produced that detail the actual and forecast use of general and earmarked reserves, including changes in requirement and risk assessments.

5.1.1 The Council has agreed a target level for general reserves, being 4% of the last reported actual net revenue expenditure.

5.1.1 At its meeting on 6th February 2020 Council set a budget that enabled a contribution to Reserves of £1.7m in 2020/2021.

5.1.1 Assuming the 2019/2020 quarter 3 forecast overspend remains until the year end, the forecast level of general reserves will be £6.079 million (4.5%), as shown in the following table. This level of reserves is above the 4% target level specified within the reserves protocol.

	31/03/2018 Actual £000	31/03/2019 Actual £000	31/03/2019 Forecast £000
Council Fund	5,482	5,894	6,079
Earmarked Reserves	5,017	6,242	3,697
Total	10,499	12,136	9,776

5.1.1 Section 25, Local Government Act 2003

5.1.1 This section of the above Act requires that in my role as Chief Officer Resources of this Authority I must report to you on the two following points:

- i. The robustness of the estimates included in the budget
- ii. The adequacy of the Authority's reserves.

5.1.1 In respect of (i) above, I am able to conclude that the estimates have been compiled with the most up to date information available and are suitably robust.

Cost pressures have been considered during the budget setting process and for the medium term.

- 5.1.1 In respect of (ii) above, 5.1.12 demonstrates that the Authority is looking to achieve a sustainable position for the forthcoming year and in the medium term. The reserves protocol will continue to review reserves in order to ensure that General Reserves are kept at a sustainable level in the medium term.

5.2 Risk including Mitigating Actions

- 5.2.1. Bridging the Gap proposals may not be delivered to the agreed level – this risk will be mitigated by regular monitoring of proposals, which will also be reported through the quarterly budget monitoring reports to the Joint Budget Scrutiny Committee and Executive Committee.

- 5.2.2. Council Tax may not be collected to the required level – this risk will be mitigated by regular monitoring of collection rates and outstanding debt will be pursued.

5.3 Legal

n/a

5.4 Human Resources

- 5.4.1. There will be minimal implications arising from the above.
- 5.4.2. In addition, the time and effort required to progress and implement service change arising from some proposals will be considerable.

6. Supporting Evidence

6.1 *Performance Information and Data*

6.2 **Expected outcome for the public**

- 6.2.1 Agreeing the statutory calculations and regulations will set the Council Tax levels for the forthcoming year.

6.3 **Involvement (consultation, engagement, participation)**

- 6.3.1 Engagement on the proposed Council Tax increase was undertaken during January / February 2020. There were 16 respondents to the survey which asked 'How acceptable would a 4% increase on Council Tax be to you'.

- 6.3.2 Of those who responded:-

32 % - Acceptable / Neutral
63% - Unacceptable / Totally Unacceptable
6% - Don't Know

6.4 **Thinking for the Long term (forward planning)**

6.4.1 The Council's thinking is to move to medium to long term financial planning. This is evidenced by the following three points:-

- Budget proposals will be developed on a five year rolling programme basis.
- the current Medium Term Financial Strategy covers the period 2020/2021 to 2024/25 and will roll forward one year, every year
- The current capital programme covers the period 2019/20 to 2025/26 and will roll forward by one year (as a minimum) every year.

6.5 *Preventative focus*
n/a

6.6 *Collaboration / partnership working*
n/a

6.7 *Integration(across service areas)*
n/a

6.8 ***EqIA(screening and identifying if full impact assessment is needed)***

6.8.1 All proposals will be Equality Impact Assessed.

7. **Monitoring Arrangements**

7.1 *State how the work will be monitored e.g. through scrutiny or directorate performance management arrangements*

Wider Corporate leadership Team, political groups, Joint Budget Scrutiny, Executive and Council

Background Documents /Electronic Links



All Tables for budget
book inc resolutions &